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MONTANA LEGISLATIVE HISTORY

Chapter 191 19 91

Bill H _____ S 122 Original bill & history ____C

H. Committee on Highways & Transportation			S. Committee on Taxation		
Hearing Date(s)	Mar 11	✓C	Hearing Date(s)	Jan 22	✓C
	_____	____C		Feb 15	✓C
	_____	____C		_____	____C
	_____	____C		_____	____C
Date Out	Mar 11	✓C		Feb 15	✓C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

CHAPTER NUMBER 439 EFFECTIVE DATE: 10/01/91

SB 121 INTRODUCED BY KEATING
CERTAIN SCHOOL BUSES DO NOT NEED SPECIAL FUEL PERMITS

1/17	INTRODUCED		
1/17	REFERRED TO TAXATION		
1/17	FIRST READING		
1/29	HEARING		
1/31	COMMITTEE REPORT—BILL PASSED		
2/04	2ND READING PASSED	49	0
2/05	3RD READING PASSED	49	0
	TRANSMITTED TO HOUSE		
2/06	FIRST READING		
2/06	REFERRED TO HIGHWAYS & TRANSPORTATION		
3/11	HEARING		
3/18	COMMITTEE REPORT—BILL NOT PASSED		
3/19	ADVERSE COMMITTEE REPORT ADOPTED	82	15

SB 122 INTRODUCED BY WEEDING, ET AL.
EXTEND AND FINANCE THE HIGHWAY RECONSTRUCTION TRUST PROGRAM

1/17	INTRODUCED		
1/17	REFERRED TO TAXATION		
1/17	FIRST READING		
1/17	FISCAL NOTE REQUESTED		
1/22	HEARING		
1/23	FISCAL NOTE PRINTED		
1/23	FISCAL NOTE RECEIVED		
2/16	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/18	2ND READING PASSED	48	0
2/19	3RD READING PASSED	50	0
	TRANSMITTED TO HOUSE		
3/04	FIRST READING		
3/04	REFERRED TO HIGHWAYS & TRANSPORTATION		
3/11	HEARING		
3/12	COMMITTEE REPORT—BILL CONCURRED		
3/12	REVISED FISCAL NOTE REQUESTED		
3/13	REVISED FISCAL NOTE RECEIVED		
3/14	REVISED FISCAL NOTE PRINTED		
3/14	2ND READING CONCURRED	94	5
3/15	3RD READING CONCURRED	96	4
	RETURNED TO SENATE		
3/21	SIGNED BY PRESIDENT		
3/22	SIGNED BY SPEAKER		
3/23	TRANSMITTED TO GOVERNOR		
3/27	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 191	EFFECTIVE DATE: 3/27/91	

SB 123 INTRODUCED BY JERGESON, ET AL.
ALLOCATE MONEY FROM WEED MANAGEMENT TRUST FUND TO AGRICULTURAL EXPERIMENT STATION

1/17	INTRODUCED		
1/17	REFERRED TO FINANCE & CLAIMS		
1/17	FIRST READING		
1/17	FISCAL NOTE REQUESTED		
1/23	FISCAL NOTE RECEIVED		
1/24	FISCAL NOTE PRINTED		
1/28	HEARING		
2/14	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/15	2ND READING PASSED	49	0

STATE OF MONTANA - FISCAL NOTE
Form BD-15
In compliance with a written request, there is hereby submitted a Fiscal Note for SB0122, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act extending the highway reconstruction trust program; allocating certain revenue to the highway reconstruction trust account; and providing an immediate effective date, a retroactive applicability date, and a termination date.

ASSUMPTIONS:

1. Total receipts from the Federal Mineral Leasing Act for FY92 and FY93 are estimated to be $24,500,000 and $24,058,000 respectively (Office of Budget and Program Planning).
2. Under current law, 100% of the royalties and revenue received pursuant to the federal Mineral Lands Leasing Act is deposited in the state special revenue fund for state equalization aid to public schools. Under the proposal, distribution of receipts from the Federal Mineral Leasing Act will be 37.5% to the highway reconstruction trust account and 62.5% to state equalization aid for schools in each fiscal year from FY1992 through FY2003.

FISCAL IMPACT:

	FY 92			FY 93		
Revenues	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
U.S. Mineral Leasing Royalties	24,500,000	24,500,000	0	24,058,000	24,058,000	0
Distribution:						
Foundation Program (02)	24,500,000	15,312,500	(9,187,500)	24,058,000	15,036,250	(9,021,750)
Highway Reconstruction (02)	0	9,187,500	9,187,500	0	9,021,750	9,021,750

If the foundation program is to be funded at current law levels, a general fund appropriation equaling the loss in revenues shown above will be necessary.

continued on page 2

Rod Sundsted 1-22-91
ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

Cecil Weeding 1/23/91
CECIL WEEDING, PRIMARY SPONSOR DATE

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

If receipts from the Federal Mineral Leasing Act average $24 million from FY1992 to FY2003 (the last fiscal year impacted by the proposal), state equalization aid revenues will be reduced $9 million each fiscal year, a total reduction of $108 million for the 12-year period.

TECHNICAL NOTE:

Section 2 of the bill amends the funding of the highway reconstruction trust account to continue the 12% coal severance tax allocation beyond FY93. However, the coal tax allocation contained in 15-35-103, MCA, is not amended in the bill, therefore, the amendment is ineffective.

If the intent is to continue the coal severance tax allocation to the highway reconstruction trust, 15-35-103,MCA, must be amended.

SB 122

STATE OF MONTANA - FISCAL NOTE
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0122, third reading.

DESCRIPTION OF PROPOSED LEGISLATION:

An act extending the highway reconstruction trust program; allocating certain revenue to the highway reconstruction trust account; and providing an immediate effective date, a retroactive applicability date, and a termination date.

ASSUMPTIONS:

1. Total receipts of the coal severance tax will be $38,595,000 in FY92 and $37,109,000 in FY93. (OBPP)

FISCAL IMPACT:

The proposal has no impact in the current biennium.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Under the proposal the current law allocation of the coal severance tax of 12% to the Highway Reconstruction Trust Fund would be extended through FY2003, regardless of any reallocation of the remaining 88% of the tax. Given current trends, the proposal would allocate approximately $4,500,000 annually to the Highway Reconstruction Trust Fund for the foreseeable future.

The proposed legislation would enable the Montana Department of Highways to continue to administer a 100% state-funded construction program. This program allows the department to expend funds for projects to preserve and repair existing highways according to need.

TECHNICAL NOTE:

The title of the proposal erroneously identifies MCA 15-36-108 (oil and gas severance tax--warrant for distraint) as being amended. The body of the proposal correctly amends MCA 15-35-108 (coal severance tax--disposal of severance taxes).

ROD SUNDSTED, BUDGET DIRECTOR — DATE
Office of Budget and Program Planning

CECIL F. WEEDING, PRIMARY SPONSOR — DATE

Fiscal Note for SB0122, third reading

SB122-2

counties need money for economic development. He suggested the bill could be held as there have been other lottery bills introduced and they should all be reviewed together.

Senator Brown made a clarifying comment stating the lottery money was earmarked for property tax relief. The way that was accomplished was through the funding mechanism for teachers' retirement which has been a chronic source of embarrassment for teachers for a long time. People think the retirement system is getting all the revenue when it was originally understood that the money would be used for property tax relief. The relatively small amount of money generated would not make a significant impact on property taxes. Now it goes directly into the general fund and is no longer associated with property tax relief or teachers' retirement.

Senator Beck said he and the public was not aware of that and if the money is going into the general fund, that should be clarified for the public.

HEARING ON SENATE BILL 122

Presentation and Opening Statement by Sponsor:

Senator Weeding, District 14, sponsor, provides for a ten year extension of the Highway Reconstruction Trust program. The HRT is an accelerated highway reconstruction program which was passed in 1983 and is due to expire July 1, 1993. He noted it is necessary to extend the program during this session rather than the 1993 session to provide the continuity for planners who develop the program. Highway construction involves long detailed planning and a very large investment of money, therefore, the extension needs to be in place long before the expiration date. Contractors also need to have some assurance as to whether this substantial program will be in place during the next ten years as their equipment purchases are predicated on long term planning and anticipation of contracts over a span of several years. A new federal program, the Highway of National Significance designation, will likely drastically reduce the federal highway funds coming into Montana. This cut has been protested by Montana, but no decision has been made to date.

The bill basically extends the Highway Reconstruction Trust with the exception of the new Section 4. That section proposes to take back federal royalties that were originally part of the HRT, but in the 1986 special session were taken from the HRT and put in the foundation program. The new Section 4 provides for 37.5% to go the HRT and 62.5% go to the foundation program. This is the same division that exists prior to the 1986 special session.

Proponents' Testimony:

Ken Dunham, Manager, Montana Contractors Association, said the interstate development drained a lot of funds away from state highways and the establishment of the HRT program in 1983 was a far-sighted commitment to the maintenance and development of the Montana highway system. Montana roads have improved substantially in the past ten years and the Contractors Association does not want to see that slip away over the next ten years. Any change in the federal highway program impacts the state greatly Mr. Dunham said. It becomes imperative to put a mechanism in place during this session to ensure continuation of the Montana highway maintenance and construction long term programs.

Larry Tobiason, AAA Montana, said if federal highway funds are lost Montana could stand to lose $30 million. Rising fuel costs and the recent hike in the federal gas tax makes the possibility of Montana raising gas taxes for highway construction quite unlikely. He urged adoption of the bill.

Janelle Fallon, President, Montana Highway Users Federation, gave the committee members a pamphlet from the MHUF explaining their purposes, goals and philosophy on highway financing (Exhibit #3). She expressed support for the bill on behalf of the MHUF.

James Tutwiler, Montana Chamber of Commerce, said federal monies have never been the total answer for development of Montana highways. He urged the Committee to adopt the bill and support the Montana highway and road infrastructure.

Opponents' Testimony:

Madalyn Quinlan, Office of Public Instruction, stressed OPI is not opposed to highway funding. She reminded the Committee that 100% of U.S. mineral royalties currently goes to the public school equalization account. The bill diverts $9 million per year from the equalization account to the HRT. She stressed revenue replacement will be needed for the equalization account which would mean a $9 million general fund impact. She said it is important to avoid greater and greater reliance on property taxes. Other funding sources must be developed and sources already in place must be protected.

Eric Feaver, President, Montana Education Association, said he is a highway user of long standing. He is very grateful for the vastly improved condition of Montana's roads and highways over the past twenty years. However, he noted, we are dealing with a finite revenue pie. There are bills in this session which pit the schools versus highways, schools versus juvenile detention, and schools versus economic development. Montana schools are decimated because there is just not enough revenue

for what we want to do. This bill represents an $18 million loss over the biennium in earmarked revenue to public schools. That equals 2% of the schedules of the foundation program over the next biennium. He said this is a major hit on public schools and, if the bill passes, the revenue must be replaced.

Questions From Committee Members:

Senator Eck asked how much the gas tax would have to be raised generate $9 million.

Bill Salsbury, Department of Highways, said every one cent increase raises $5 million.

Senator Van Valkenburg asked if the administration supports this bill.

Senator Weeding replied they don't oppose the bill, however, it does not appear in the administration budget.

Senator Towe said 12% of the coal tax goes into the HRT. That provision terminates July 1, 1993. He understood that was continued in Section 2 (a) until 2003. In 15-35-108 it is not continued. He asked if that section would also have to be changed to 2003.

Senator Weeding said it was his intent to extend the HRT to 2003 and if it needed to be changed in 15-35-108 he hoped the Committee would see fit to do so.

Closing by Sponsor:

Senator Weeding closed by pointing to the success of the HRT to this point. The Governor's office indicated they would address this issue next session and had no objection to it be introduced in this session. He said the conflict with the school funding concerns him also. The bill will be considered along with a number of other funding bills and he felt it would take its chances in the mix. Highways have traditionally been funded with earmarked funds and the foundation program has typically been balanced out at the end of the session by the general fund and other sources. There are many measures being considered as funding vehicles for the foundation program this session. He said the proper way to fund highways is to return to the traditional funding through the royalty fund.

EXECUTIVE ACTION ON SENATE BILL 122

Motion:

Senator Van Valkenburg moved to amend Senate Bill 122 to take royalties out.

Senator Van Valkenburg moved Senate Bill 122 DO PASS as amended.

Discussion:

Jeff Martin told the Committee in sub 2 (b) of 60-3-216, the only language being struck if the amount allocated from the royalties.

Senator Gage asked Jeff Martin if this was not a statutory appropriation. Senator Van Valkenburg explained in was earmarked.

Senator Towe explained this is the amount from earmarking highway funds from the coal tax.

Senator Van Valkenburg explained the purpose of sub (b) is to earmark that portion of the gas and diesel fuel tax which is appropriated for the highway reconstruction trust fund.

Senator Van Valkenburg commented this legislation is "one of the very best things done" and he is in hopes of finding gas tax monies to provide funding for the program for the next 10 years.

Recommendation and Vote:

The motion to amend CARRIED with Senator Harp voting NO.

The motion to DO PASS as amended CARRIED.

EXECUTIVE ACTION ON SENATE BILL 206

Motion:

Senator Towe moved the amendments in the "gray bill".

Senator Van Valkenburg moved Senate Bill 206 DO PASS as amended.

Discussion:

Senator Halligan asked Mark Staples of the Tavern Owners Association to comment on the amendments. He told the Committee this accomplishes everything the proponents wanted while

ROLL CALL

SENATE TAXATION COMMITTEE

DATE 2/15/91

____ LEGISLATIVE SESSION ____

NAME	PRESENT	ABSENT	EXCUSED
SEN. HALLIGAN	P		
SEN. ECK	P		
SEN. BROWN	P		
SEN. DOHERTY	P		
SEN. GAGE	P		
SEN. HARP	X P		
SEN. KOEHNKE	P		
SEN. THAYER	P		
SEN. TOWE	P		
SEN. VAN VALKENBURG	P		
SEN. YELLOWTAIL	P		

Each day attach to minutes.

SENATE STANDING COMMITTEE REPORT

February 15, 1991

MR. PRESIDENT:

We, your committee on Taxation having had under consideration Senate Bill No. 122 (first reading copy -- white), respectfully report that Senate Bill No. 122 be amended and as so amended do pass:

1. Title, line 7.
Strike: "20-9-343"
Insert: "15-36-108"

2. Page 2, line 1.
Following: "~~and~~"
Insert: "and"

3. Page 2, lines 2 through 5.
Strike: subsection (b) in its entirety
Renumber: subsequent subsection

4. Page 2, line 8.
Following: "~~in~~"
Insert: "in"

5. Page 2, lines 9 and 10.
Strike: ", when" on line 9 through "(2)(b)," on line 10

6. Page 2, line 13 through page 5, line 1.
Strike: sections 3 through 5 in their entirety

7. Page 5, line 2.
Following: line 1
Insert: "Section 3. Section 15-35-108, MCA, is amended to read:

"15-35-108. (Temporary) Disposal of severance taxes. Severance taxes collected under this chapter must be allocated according to the provisions in effect on the date the tax is due under 15-35-104. Severance taxes collected under the provisions of this chapter are allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.

(2) Starting July 1, 1987, and ending June 30, ~~1993~~ 2003, 12% of coal severance tax collections are allocated to the highway reconstruction trust fund account in the state special revenue fund.

(3) Coal severance tax collections remaining after the allocations provided by subsections (1) and (2) are allocated in the following percentages of the remaining balance:

(a) 17.5% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1½% to the credit of the renewable resource development bond fund;

(e) 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

(i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and

(ii) 2/3 for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102;

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for conservation districts;

(h) 1½% to the debt service fund type to the credit of the water development debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state. (Terminates July 1, ~~1993~~ 2003--sec. 7, Ch. 541, L. 1983.)

15-35-108. (Effective July 1, ~~1993~~ 2003) Disposal of severance taxes. Severance taxes collected under this chapter must be allocated according to the provisions in effect on the date the tax is due under 15-35-104. Severance taxes collected under the provisions of this chapter are allocated as follows:

(1) To the trust fund created by Article IX, section 5, of the Montana constitution, 50% of total coal severance tax collections. The trust fund moneys shall be deposited in the fund established under 17-6-203(5) and invested by the board of investments as provided by law.

(2) Coal severance tax collections remaining after allocation to the trust fund under subsection (1) are allocated in the following percentages of the remaining balance:

(a) 17.5% to the credit of the local impact account. Unencumbered funds remaining in the local impact account at the end of each biennium are allocated to the state special revenue fund for state equalization aid to public schools of the state.

(b) 30% to the state special revenue fund for state equalization aid to public schools of the state;

(c) 1% to the state special revenue fund to the credit of the county land planning account;

(d) 1½% to the credit of the renewable resource development bond fund;

(e) 5% to a nonexpendable trust fund for the purpose of parks acquisition or management, protection of works of art in the state capitol, and other cultural and aesthetic projects. Income from this trust fund shall be appropriated as follows:

(i) 1/3 for protection of works of art in the state capitol and other cultural and aesthetic projects; and

(ii) 2/3 for the acquisition, development, operation, and maintenance of any sites and areas described in 23-1-102;

(f) 1% to the state special revenue fund to the credit of the state library commission for the purposes of providing basic library services for the residents of all counties through library federations and for payment of the costs of participating in regional and national networking;

(g) 1/2 of 1% to the state special revenue fund for conservation districts;

(h) 1½% to the debt service fund type to the credit of the water development debt service fund;

(i) 2% to the state special revenue fund for the Montana Growth Through Agriculture Act;

(j) all other revenues from severance taxes collected under the provisions of this chapter to the credit of the general fund of the state.""

Renumber: subsequent section

8. Page 5, lines 3 and 4.
Strike: "[Sections 1 through 6] are"
Insert: "[This act] is"

9. Page 5, line 7.
Strike: "4"
Insert: "3"

Signed: _____
Mike Halligan, Chairman

2-15-91
Amd. Coord.

SB 2-15 4:50
Sec. of Senate

DATE 2/13/71

COMMITTEE ON Taxation

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bill Salsbury	Dept. of Highways	SB122	—	

(Please leave prepared statement with Secretary)

CHAIRMAN STANG asked **Larry Tobiason, AAA Montana**, why they did not testify in favor or against this bill, and if they had a stand on the use of highway funds other than highways. **Mr. Tobiason** said they are always against aversion. Using highway funds for means other than strictly for the maintenance and new construction in Montana. He guessed a road inside of a park could be called an highway, but wasn't sure, it could be an extension of a highway. He did not know this bill would be using highway funds, he thought it would be from the state park's money and the Highway Department would do the work. **Mr. Tobiason** said they would be concerned if that is the case.

Closing by Sponsor:

SEN. BROWN said it doesn't make much sense to provide for road maintenance and construction of the roads leading to state parks if the people cannot get further into the parks, especially when fees are charged and than they cannot use the roads. He urged the committee's support of SB 44.

HEARING ON SB 122

Presentation and Opening Statement by Sponsor:

SEN. CECIL WEEDING, Senate District 14, Jordan, said that SB 122 is essentially a continuation of the status quo in its present form. It is an extension of the highway re-construction trust program. It is due to expire in 1993. The program was started in 1983. It was a crash re-construction program that was supposed to be above and beyond the ongoing highway effort at that time. It was a phased-in program that never got up to full speed until 6 years into the program. Money was taken out of the program in 1986, so 1 year was lost. He said all the problems of the RTF program have not been cured to do what it was intended to do care of. It is critical that the effort continues in the building of highways. The life of the federal activities of late where there is an uncertain future regarding highway monies, the roads that the program will cost-share on and the rate of cost-share that will be put out are in good shape now, and that is why it is critical that this program continues while the federal monies are still there. With or without them, the needs are still there to re-build the highways and no other way to do it. This bill extends the 12% coal tax that went into the RTF program, and it continues the $.20 gasoline and diesel fuel tax. He said the original intent was to go back and capture some of the federal royalties that at one time flowed into the Highway Department. The Senate Taxation committee diverted those monies into the school foundation program. He said the funding would have been better off by staying with the royalties instead of the coal money. The fiscal note is zero with the amendments that were added on the bill in the Senate committee. He said a message needs to be sent to the contractors and planners to inform them that the program will go on for another 10 years.

Proponents' Testimony:

Ken Dunham, Montana Contractor's Association, said the RTF program in Montana was the most farsighted legislation that was passed in the state when it went into effect 10 years ago. To make a commitment to get past the interstates and federal highways in Montana and do something about the deteriorating state roads, the program has touched most every area of Montana. The current situation with the expiring RTF program and the uncertainty of the federal program and gas taxes and gas prices, it is imperative that Montana keeps its options open to do something about the highway systems in Montana. The federal program for Montana is very much up in the air at this time. If the worst happened for the state, it could take a $30 million to $50 million hit annually in federal dollars. There are more federal dollars that will come into the state in the next year or so, but the percentage is proposed to change. The RTF program did put $282 million into Montana's highways. It is a real boost from every aspect of Montana from tourism to agriculture to the construction industry. He encouraged the committee to re-authorize this program to keep the option open for Montana's future.

Larry Tobiason, Triple A Montana, said with President Bush in support of reducing the federal state funds, it will no doubt become a reality. To extend the RTF program is more important now than ever before. Montana's gas tax is the 8th highest in the nation, which means that making additional revenue for the Highway Department by increasing the gas tax is not very profitable.

Steve Turkiewicz, Montana Auto Dealer's Association, said for the reasons expressed by the previous speakers, he to urged the committee's support for this bill.

James Tutwiler, Montana Chamber of Commerce, urged the committee's support for SB 122. He said the infrastructure in Montana is very important to the state, particularly the ability to move commerce through the state. It is a never increasing potential for the good of Montana, especially with the Free Trade agreement working well with Canada and the expected increase of tourism in the next couple years. With tourism the third fastest growing industry in Montana, this bill relates to the ability to attract and promote the growth of that industry.

Opponents' Testimony: None

Questions From Committee Members:

CHAIRMAN STANG asked **SEN. WEEDING** if the committee doesn't put the $9 million into the fund from the foundation program, how is the money going to be made up in the future, is that the money from the gas tax. **SEN. WEEDING** said the coal tax substituted somewhat. He asked **Mr. Salisbury** to answer. **Mr. Salisbury** said

the coal tax was put in at the start of 1983. The revenues have declined. The royalties were taken out in the 1986 session and was never really replaced. It was $40 million per year and has never been fully re-funded. **CHAIRMAN STANG** asked why the fiscal note shows that the $9 million be taken out of the foundation program and placed in the highway re-construction fund. **Mr. Salisbury** said in the existing legislation, the mineral royalties are in the school foundation program, but that was changed in 1986. When the fiscal note was written for the original bill, it was intending to use existing royalties that were coming back in, but they were stripped in the Senate Taxation Committee. The fiscal note that is before the committee was originally written for the bill. The current fiscal note does not have an impact on this bill.

Closing by Sponsor:

SEN. WEEDING said this bill sends a message to those that deal with the highway funds, that the Legislature has made a commitment to fund the RTF program. The way the funds have been drawn down, the 1993 Legislature may have to look at some way of putting more money back into the program.

EXECUTIVE ACTION ON SB 290

Motion: REP. CLARK MOVED SB 290 BE CONCURRED IN.

Motion/Vote: REP. FOSTER called the question. Voice vote was taken.

Vote: SB 290 BE CONCURRED IN. Motion CARRIED unanimously. REP. FOSTER moved to place SB 290 on the consent calendar. Motion CARRIED unanimously.

HEARING ON SB 121

Presentation and Opening Statement by Sponsor:

SEN. TOM KEATING, Senate District 44, Billings, said this bill deals with "orange" school busses that do contracted services with the schools. There are fleets of school busses that are owned privately, but contract their services to the schools. When the busses converted from kerosene to diesel fuel, they became a special fuel user. Because diesel fuel is considered a special fuel user that is used by truckers, etc., and Montana is part of a multi-state coalition for the distribution of diesel taxes depending on how many miles are driven in a particular state in a particular vehicle, there had to be a lot of record keeping for these vehicles under the special use permit. The information was than given to the GVW in the Department of Revenue so there could be a division for the taxes paid on this permit. If the busses belonged to the schools, than the tax did not have to be paid. In some cases, if they didn't have to pay the taxes, they could ask for a rebate, therefore, the reason for

having to keep all the records. Most of the school contractors buy the diesel fuel already "tax paid", i.e., buying in bulk. Some buy in bulk and pay the tax quarterly themselves. If they pay the tax to the license fuel dealer, than the dealer has to make the report on the taxes collected. If the dealer doesn't pay the tax, than the user with the special permit has to pay the tax. The contractors are now buying the diesel fuel in bulk and do not ask for a rebate, they stay in the state, and the drivers do not have to keep any records. This bill will allow a special fuel user to not have to apply for a permit nor will they have to keep track of the in-state travel if they prepay the tax at the time they buy the fuel in bulk. There are times during the school year that the busses are used for other purposes. During that time, they are required by law to cover the sides of the bus. If the busses stay instate and have paid the tax, there isn't any problem, but if they need to go out of state to haul i.e., firefighters, they have to purchase the special user permit.

Proponents' Testimony: None

Opponents' Testimony: None

Questions From Committee Members:

REP. KNOX asked how is it established when a special permit is needed. **SEN. KEATING** said if the diesel fuel is purchased in bulk and the tax is paid at that time, a special user permit is not needed.

REP. STEPPLER asked if this special user permit was just for diesel fuel or is it also for propane. **SEN. KEATING** said it is just for diesel fuel.

Closing by Sponsor:

SEN. KEATING thanked the committee for a good hearing and urged their support of the bill.

EXECUTIVE ACTION ON SB 122

Motion: **REP. LARSON MOVED SB 122 BE CONCURRED IN.**

Discussion: **CHAIRMAN STANG** said this bill extends the coal severance tax collections. **CHAIRMAN STANG** asked if this bill extends the current gas tax beyond 1993. **Mr. Salisbury** said it is related to coal taxes. It extends the provision to fund the remainder of the expenditures.

Motion/Vote: **REP. TUNBY** called the question. Voice vote was taken.

Vote: **SB 122 BE CONCURRED IN.** Motion **CARRIED** unanimously.

HOUSE OF REPRESENTATIVES

HIGHWAYS AND TRANSPORTATION COMMITTEE

ROLL CALL DATE 3-11-91

NAME	PRESENT	ABSENT	EXCUSED
REP. FLOYD "BOB" GERVAIS, V.-CHAIR	✓		
REP. ERNEST BERGSAGEL	✓		
REP. ROBERT CLARK	✓		
REP. JANE DEBRUYCKER	✓		
REP. ALVIN ELLIS, JR.	✓		
REP. GARY FELAND	✓		
REP. MIKE FOSTER	✓		
REP. PATRICK GALVIN	✓		
REP. DICK KNOX	✓		
REP. DON LARSON	✓		
REP. SCOTT MCCULLOCH	✓		
REP. JIM MADISON	✓		
REP. LINDA NELSON	✓		
REP. DON STEPPLER	✓		
REP. HOWARD TOOLE			✓
REP. ROLPH TUNBY	✓		
REP. BARRY "SPOOK" STANG, CHAIRMAN	✓		

5.10
3-11-91
JDB

HOUSE STANDING COMMITTEE REPORT

March 11, 1991

Mr. Speaker: We, the committee on Highways and Transportation report that Senate Bill 122 (third reading copy -- blue) be concurred in .

Signed: _____
Barry Stang, Chairman

Carried by: Rep. Stang

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Hiways COMMITTEE BILL NO. SB 122

DATE 3-11-91 SPONSOR(S) Sen. Weeding

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	SUPPORT	OPPOSE
JAMES TERWILLER	MT CHAMBER C.	✓	
Ken Dunham	MT Contractors' Assoc.	X	
Steve Turkiewicz	Mt. Auto Dealers Assn	X	
Larry Tobiason	AAA Montana	X	
Ben Havdahl	MT. Motor Carriers Assn	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.